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Message Text

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ORIGIN SS-30

INFO OCT-01 ISO-00 /031 R

DRAFTED BY EUR/IB:JSMITH:MS
APPROVED BY THE DEPUTY SECRETARY
EUR/IB - MR. RABENOLD
EUR - MR. STABLER
S/S - SEFRY
---------- 018875
R 192221Z MAR 74
FM SECSTATE WASHDC
TO AMEMBASSY LISBON

S E C R E T STATE 054891

EXDIS

E.O. 11652: GDS
TAGS: MARR, PO
SUBJECT: AZORES NEGOTIATIONS
REF: STATE 27412

1. AMBASSADOR THEMIDO CALLED ON DEPUTY SECRETARY RUSH MARCH 18 TO GIVE HIS GOVERNMENT'S REACTION TO THE OFFER MADE HIM BY MR. RUSH ON FEBRUARY 8. HE SAID GOP HAD STARTED NEGOTIATIONS BY INFORMING U.S. THAT GOP WOULD PREFER THAT BASE AGREEMENT END. IN ORDER TO ASSIST A FRIEND, HOWEVER, GOP HAD ACCEPTED U.S. REQUEST TO START NEGOTIATIONS FOR EXTENSION. IMPOSSIBLE FOR ANY GOVERNMENT IN PORTUGAL AGREE TO EXTENSION OF BASE RIGHTS WITHOUT IMPORTANT COMPENSATION. MID-EAST WAR HAD INCREASED VALUE OF BASE TO U.S. AND HAD CAUSED SUFFERING FOR PORTUGAL. IN THESE CIRCUMSTANCES U.S. OFFER WAS SHOCK TO GOP. U.S. WAS NOT ABLE OFFER GOP ANYTHING TO SATISFY ITS NEEDS FOR DEFENSIVE EQUIPMENT. GOP THUS CONSIDERED IT MIGHT BE DESIRABLE FOR BOTH GOVERNMENTS ISSUE JOINT STATEMENT ANNOUNCING FAILURE OF NEGOTIATIONS. THEMIDO GAVE MR. RUSH DRAFT OF SUCH JOINT STATEMENT.

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2. DEPUTY SECRETARY REPLIED THAT NATO WAS OF AS MUCH

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VALUE TO PORTUGAL AS TO U.S. U.S. HAD MADE THE MAJOR CONTRIBUTION TO NATO. U.S. NUCLEAR UMBRELLA AND PRESENCE OF U.S. TROOPS AND FLEET HAVE GUARANTEED SECURITY OF WESTERN EUROPE AT OUT-OF-POCKET COST OF $2.2 BILLION ANNUALLY TO U.S. ALL NATO MEMBERS SHOULD CONTRIBUTE TO COST OF COMMON DEFENSE. TO EXTENT LAJES USED IN SUPPORT OF NATO OBJECTIVES PROVISION OF BASE SHOULD BE PORTUGAL'S CONTRIBUTION TO COMMON DEFENSE. HE SAID USG REGRETS HARDSHIPS PORTUGAL HAS EXPERIENCED AS RESULT OF ITS COOPERATION IN RESUPPLY OF ISRAEL, BUT POINTED OUT THAT PORTUGAL AND ALL OF EUROPE HAVE BENEFITED FROM U.S. ACTIONS WHICH PREVENTED USSR FROM EXTENDING ITS IN-FLUENCE IN MIDDLE EAST. U.S. ALSO SUFFERED THROUGH NATIONALIZATION OF OIL PROPERTIES AND RISE IN OIL PRICES, BUT THIS WAS PRICE WE HAD TO PAY TO DEFEND FREE WORLD.

3. MR. RUSH SAID HE DID NOT SHARE THEMIDO'S PESSIMISM RE PROSPECTS FOR NEGOTIATIONS. USG EXPECTED CONTINUE NEGOTIATIONS AND REACH SUCCESSFUL CONCLUSION. HE RECALLED THAT IN THEIR LAST MEETING HE HAD ASKED THEMIDO WHETHER GOP WISHED US CONSULT CONGRESS RE SUPPLY OF CERTAIN MILITARY ITEMS. HE INQUIRED WHETHER THEMIDO HAD GOP ANSWER. IN THIS CONNECTION HE NOTED THAT WE HAD FOUND THAT ASHEVILLE VESSELS WERE NOT CAPABLE OF BEING EQUIPPED WITH SURFACE TO AIR MISSILES, BUT ONLY WITH SURFACE TO SURFACE MISSILES.

4. THEMIDO SAID THAT ALTHOUGH OTHERS MIGHT NOT AGREE, PORTUGAL CONSIDERS THAT IT MADE ITS CONTRIBUTION IN AFRICA, WHERE PORTUGAL'S EFFORTS ARE IN THE INTEREST OF THE WESTERN WORLD. PORTUGAL ALSO DIFFERS FROM THE OTHER NATO COUNTRIES IN THAT ITS SUFFERING IS A DIRECT CONSEQUENCE OF PORTUGAL'S SUPPORT OF THE U.S. ACTION IN THE MIDDLE EAST, WHICH THE OTHER EUROPEANS DID NOT RPT NOT SUPPORT. WITH RESPECT TO THE U.S. OFFER RE MILITARY EQUIPMENT GOP'S ASSESSMENT, TAKING INTO ACCOUNT POSSIBLE CONSEQUENCES OF CONGRESSIONAL CONSULTATION, IS THAT U.S. REPLY TO GOP REQUEST IS NEGATIVE. THERE IS NO RPT NO ASSURANCE THAT PORTUGAL WOULD GET ANYTHING. GOP ASSUMES IT WOULD RECEIVE NOTHING. IF HE COULD BE ASSURED THIS IS

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NOT SO, HE WOULD SO REPORT TO LISBON.

5. MR. RUSH SAID WE HAD CONSIDERED OUR OFFER A SUBSTANTIAL ONE, EVEN THOUGH POSSIBLY DISAPPOINTING TO GOP IN SOME RESPECTS. USG HAS EXPLORED FULLY WHAT IT COULD DO IN MILITARY FIELD, BUT THERE MIGHT BE OTHER FIELDS IN WHICH WE COULD COOPERATE, SUCH AS ECONOMIC DEVELOPMENT, INDUSTRY, ATOMIC ENERGY. WE WOULD BE HAPPY TO EXPLORE THESE AREAS

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IF WE KNEW WHAT ITEMS WOULD BE OF INTEREST TO GOP.
THEMIDO REPLIED THAT HE WOULD REPORT THIS SUGGESTION
TO LISBON. HOWEVER, GOP DID NOT WANT ANOTHER AGREEMENT
ON SAME BASIS AS 1971 AGREEMENT.

6. MR. RUSH CONCLUDED BY ASSURING THEMIDO THAT USG

ATTACHES IMPORTANCE TO LAJES, TO RELATIONS WITH PORTUGAL,
AND TO PORTUGAL'S COOPERATION IN MIDDLE EAST.

7. THEMIDO LEFT WITH DEPUTY SECRETARY TWO LETTERS FROM
FOREIGN MINISTER PATRICIO TO THE SECRETARY. ONE
EXPRESSED GOP CONCLUSION THAT U.S. OFFER RE MILITARY
EQUIPMENT WAS "TOTALLY NEGATIVE." OTHER EXPRESSED
APPFECIATION FOR EXIMBANK WAIVER OF GUARANTEE FOR LOAN
TO PETROSUL. KISSINGER

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